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**11-1 Responsibility**

Property Management personnel are responsible for:

- A. Providing effective management and security for all Washington State Department of Transportation (WSDOT) properties.
- B. Ensuring “Fair Market Value” or “Economic Rent” is received from all sales and leases.
- C. Disposing of property not required by the department.
- D. To the greatest extent practicable, eliminating hazards and public nuisances originating on or caused by department-owned land or improvements.

**11-2 Preparation for Management****11-2.1 Property Management System and Inventory**

- A. Property Management data records will be entered and maintained in an on-line computer system that will include:
  - 1. Inventory of real properties and real property interests outside the operating right of way. A description of all such property types is shown in Appendix 11-1, Property Types.
  - 2. Records of rental properties, including airspace.
  - 3. Property disposal status/activities.
  - 4. Real estate contract sales.
  - 5. Reporting capability for various informational needs.
  - 6. All improvements acquired, whether inside or outside of the operating right of way.
- B. Detailed information about this system is contained in the *Property Management System Manual* (M 26-07).

**11-2.2 Property Management Diary**

- A. The regional property management agent places a Diary of Right of Way Activities (Form RES-301) in the regional file for each parcel under the control of property management, whether improved or unimproved. When it becomes necessary to perform management activities on lands within the operating right of way, a diary will be placed in a file referenced by either an acquisition parcel number or inventory control number (ICN), as appropriate.
- B. Since the diary is an official record, it is either typed or written legibly in ink. Each diary entry is dated and signed (full name) by the originator.
- C. The diary contains a summary of every activity relative to the parcel. This includes inspections, telephone conversations, letters, approvals, sales, leases, maintenance, etc.
- D. Copies of updated diaries are submitted to Headquarters when significant activities, such as initiation of a lease, modification to a lease, disposal activities, etc., occur.
- E. Upon completion of all property management activities on a parcel, the completed diary is sent to Headquarters.

- F. Diaries should contain the federal aid number when applicable per 23 CFR 710.305(C), as well as other appropriate identification numbers.

### **11-2.3 Project Inspection**

As soon as practicable after receiving the approved right of way plans, the region inspects all real property and improvements to be acquired on the project, noting the following:

- A. Number and type of improvements.
- B. Type of construction.
- C. Physical location and condition.
- D. Review of factors determining whether the improvement can be moved.
- E. Availability of sites for relocation of improvements.
- F. Factors affecting removal.
- G. Presence of hazardous materials (see Appendix 11-2).

### **11-2.4 Salvage Appraisal Report**

- A. The region prepares a Salvage Appraisal Report (DOT Form 263-003) for those improvements, including timber and crops, which may be sold as salvage.
  - 1. For property management purposes, merchantable timber is considered to be an improvement (see Chapter 6, Section 5-8).
  - 2. Fixtures, such as built-in cabinets, light fixtures, built-in appliances, etc., retained or salvaged by the grantor, also require preparation of a salvage report.
  - 3. When the salvage appraisal report has been completed, the original is forwarded to Headquarters.
  - 4. The region retains two copies: one for the regional property management file and one for use by the acquisition agent.
- B. Headquarters reviews and approves the salvage appraisal report, then enters the approval into the computer database system.

### **11-2.5 Acquisition Transactions — Regional Processing**

All acquisition transactions are routed to regional property management for review, comment, approval, and further action, if necessary.

#### **11-2.5.1 Improvements Acquired Within the Operating Right of Way**

When improvements are acquired within the operating right of way:

- A. A Fixtures and Improvements Agreement (Form RES-335) is completed by the acquisition agent and is included in the transmittal package along with any additional information. An ICN is assigned to the parcel in accordance with the *Property Management System Manual* (M 26-07). The original and one copy are transmitted to Headquarters with the package and one copy is retained in the regional property management file.
- B. The region assures that the Fixtures and Improvement Agreement, the Real Property Voucher (DOT Form 262-039), and the acquisition appraisal are consistent as to the identity and value, where a separate value for improvements is established.
- C. For security and management purposes, the region identifies and inventories all trade fixtures acquired on commercial improvements.

- D. The region enters the ICN into the computer database system, completes the property management section of the Right of Way Parcel Transmittal (DOT Form 262-048), initials in the “region action section,” and passes the package to the next review station.

#### **11-2.5.2 Salvage of Improvements Acquired by the Grantor**

Please refer to Section 11-5.1 for procedures for the Salvage of Improvements Acquired by Grantor.

#### **11-2.5.3 Real Property Acquired Outside the Operating Right of Way (Surplus Property)**

When real property is acquired outside the operating right of way, the region:

- A. Establishes an ICN for the surplus and enters the required information in the computer database system.
- B. Assures that the requirements of Chapter 6, Remainders, have been followed.
- C. Completes the property management section of the right of way parcel transmittal, initials the region action section, and passes the package to the next review station.

#### **11-2.5.4 Surplus Lands Traded in Acquisition**

The region:

- A. Submits a disposal review package to Headquarters and obtains an approved valuation range prior to entering into an agreement to trade surplus lands in the acquisition process (see Section 11-7.3.1).
- B. Upon approval from Headquarters, prepares an Exchange Agreement (Form RES-322). The agreement includes: parcel description, parcel number, ICN, federal aid participation number, and names and marital status of the grantee(s). Marital status will be used to determine the proper vesting in the forthcoming conveyance document.
- C. Assures that the ICN has been entered into the computer database system, completes the property management section of the right of way parcel transmittal, initials the region action section, and passes the package to the next review station.

### **11-3 Initiating Management**

#### **11-3.1 Taking Control and Possession**

- A. If property is unimproved and unoccupied, taking control and possession occur at the same time. The region:
  - 1. Inspects for presence of hazardous materials (see Appendix 11-2).
  - 2. Notes presence of abandoned personal property/debris.
  - 3. Enters “PM Clear Date” (as defined in Chapter 3, Glossary) in the computer database.
- B. If property is unimproved and occupied, the state takes control on the payment available date. The region:
  - 1. Inspects for presence of hazardous materials (see Appendix 11-2).
  - 2. Enters into a 90-day rental agreement. If occupant refuses to enter into a rental agreement and intends to continue to occupy the parcel, the region refers the matter to Headquarters.
- C. If property is improved and unoccupied, control and possession can occur at the same time. The region:
  - 1. Inspects for presence of hazardous materials (see Appendix 11-2).

2. Notes presence of abandoned personal property/debris.
  3. Verifies that all items listed on the Fixtures and Improvements Agreement are present. If there are discrepancies, the region prepares a detailed report describing the missing items, their value, and any opinion as to the reasons for the discrepancies and submits said report to Headquarters for further action.
  4. Enters “PM Clear Date” (as defined in the Chapter 3, Glossary) in the computer database.
- D. If property is improved and occupied, the state takes control upon the payment available date. The region:
1. Inspects for presence of hazardous materials (see Appendix 11-2).
  2. Enters into a 90-day rental agreement with the occupant. If occupant refuses to enter into a rental agreement and intends to continue to occupy the parcel, the region refers the matter to Headquarters for further action.

### **11-3.2 Taking Possession After Vacation by Occupant**

In those cases described in “11-3.1 B and D” above, the state takes possession after the occupant vacates. The region:

- A. Inspects for hazardous materials (see Appendix 11-2).
- B. Verifies that all items listed on the Fixtures and Improvements Agreement are present. If there are discrepancies, the region prepares a detailed report describing the missing items, their value, and any opinion as to the reasons for the discrepancies and submits the report to Headquarters for further action.
- C. Checks rental status with Headquarters. If rental is delinquent, coordinates with the relocation agent and Headquarters for possible deduction of the delinquent amount from relocation assistance payments.
- D. Verifies the status of any salvage removal (see Section 11-5.1).
- E. Obtains a signed release, if possible, from the personal property owner for any abandoned property. If release cannot be obtained, documents diary accordingly.
- F. Enters “PM Clear Date” (as defined in Chapter 3, Glossary) into the computer database.

## **11-4 Inspection and Maintenance of State-Owned Property**

### **11-4.1 General**

The region conducts periodic inspections of department-owned unimproved properties to guard against encroachments, theft, pest control, and dumping of debris and hazardous materials. Periodic inspections of improved properties are also required for these same reasons in addition to ensuring that local building, fire, and housing, and occupancy codes are satisfied. The inspections also provide an opportunity to evaluate the condition of the property and, in the case of improved properties, develop a management strategy for future use or development. The results of all property inspections are documented in the agent’s diary and on the comments screen in the computer database.

If inspections reveal any situation which cannot be resolved by the region, a detailed report, including photographs, is sent to Headquarters for action. Headquarters will consult with the appropriate assistant attorney general, if necessary, and advise the region accordingly. If the parcel is designated as a capital facilities site, Headquarters advises the appropriate regional and Headquarters capital facilities contact.

## **11-4.2 Maintenance and Repair of Improved Properties**

The region inspects each improvement to develop a strategy for continued use or demolition. A number of factors are considered during this process including the suitability of the improvement for continued occupancy, length of time until removal for construction, cost of repairs vs. income, and relocation assistance rights (see Chapter 12). Repairs to improvements may be accomplished by private contractor, rent credit, or state maintenance employees. The region is responsible for ensuring that any building permits and/or local government inspections required for the repair are obtained. Emergency repairs may be authorized by the region based upon individual circumstances.

### **11-4.2.1 Rent Credit for Maintenance or Repairs by Tenants**

#### **A. Rules**

Unless authorized by Headquarters, rent credits are not allowed in cases when the current rent is delinquent or the tenant has a history of delinquencies. In addition, at least one month's rent must have been paid and the tenant must continue to pay the contract rent until the work is completed. The tenant must be qualified to do the work. Rent credits are applied only after the region determines the work has been performed satisfactorily.

#### **B. Rent Credits Up to \$1,500**

1. The region may approve a rent credit up to \$1,500 without Headquarters approval. Payment for tenant labor is not generally allowed for rent credit repairs. However, cases requiring special consideration may be submitted to Headquarters for review.
2. After the repairs have been completed in accordance with the agreement between the tenant and the state, the region submits a report to Headquarters including diary entries, paid receipts (for materials used in the repair), the original of the approved Property Inspection and Status Report, a copy of the building permit and related inspection report (if required), and photos showing the before and after repair/maintenance job.
3. Headquarters enters the total amount of the rent credit in the computer database. The region updates the comments screen.

#### **C. Rent Credits Over \$1,500**

1. If the estimated cost of repair is over \$1,500, the region prepares and transmits a Property Inspection and Status Report to Headquarters which includes the following:
  - a. Complete description of the items needing repair, including photos.
  - b. Itemization of materials needed to do the job, including any equipment rental, if needed. If tenant labor is to be considered, at least two costs estimates from private contractors are required.
  - c. A cost/benefit analysis of the proposed repair. This should consider factors such as estimated length of time until sale or demolition, total repair expenditures to date, estimated cost of repairs in the future, if known.
  - d. Updated diaries.
2. The region then transmits the above information to Headquarters for review/approval and Headquarters updates the computer database accordingly.
3. Upon approval from Headquarters, the region notifies the appropriate party or parties to proceed with the repairs/maintenance.



4. Upon satisfactory completion of the repairs/maintenance, the region transmits the original of the Property Inspection and Status Report, along with paid receipts, photos of work completed, and copies of building inspection reports, if required.
5. Headquarters enters the total amount of rent credit into the computer database and updates the comments to the computer database system.

#### **11-4.2.2 Maintenance or Repairs by Private Contractor**

**A. Rules**

When the region determines the maintenance or repairs must be done by a private contractor, all the requirements set forth in the *Purchasing Manual*, M 72-80, must be followed.

**B. Maintenance or Repair Under \$1,500**

1. The region may approve a maintenance or repair up to \$1,500 without Headquarters approval.
2. After the job is completed, the region transmits the original of the approved Property Inspection and Status Report, diary entries, copies of any bids required, a copy of required building permit and inspection report, along with photos of the before and after maintenance or repair.
3. Headquarters updates the computer database to reflect the total cost of the job.

**C. Maintenance or Repair Over \$1,500**

1. If the estimated costs of the job exceed \$1,500, the region follows the same procedures for rent credits of over \$1,500 with the following exceptions:
  - a. Upon approval from Headquarters, the region will award the contract.
  - b. Upon successful completion of the contract, the region prepares and processes the necessary documents to pay for the work performed.
  - c. Headquarters updates the computer database to reflect the total cost of the job.

#### **11-5 Disposal of Improvements/Personal Property Within Right of Way**

Improvements may be removed by the salvage method (sale to grantor or by auction), by contract demolition, or by inclusion in the project construction contract. Improvements may also be removed for use by WSDOT. If the improvement is on a federal aid project and is not used for the same or another federal aid project, appropriate credit must be given. The factors of economic feasibility and time are the primary concerns.

##### **11-5.1 Salvage Rights Acquired by the Grantor**

Under certain circumstances, the department may allow the grantor to purchase the salvage rights to any improvement acquired from him/her. In deciding whether or not to allow the grantor to salvage the improvements, the region must consider the occupancy rights of any tenant on the property and whether or not there is enough time to remove the improvements before construction. The complications that can arise from salvaging tenant occupied improvements can be significant and should be carefully considered.

If the grantor purchases the salvage rights to an improvement, the region:

- A. Ensures that the Fixtures and Improvement Agreement has been completed and the salvage values have been approved by Headquarters.



- B. Verifies that the value of any salvage purchased by the grantor has been deducted from the Real Property Voucher and the performance deposit has been processed appropriately.
- C. Ensures that the Fixtures and Improvement Agreement provides a clear understanding and agreement between the department and the grantor as to when the improvement is to be removed and that the performance deposit will become forfeit if the improvement is not satisfactorily removed by that date.
- D. If the improvement is tenant occupied, ensures that there is sufficient time after the tenant vacates to complete the salvage.
- E. Monitors the salvage operation to make sure the improvement salvage and resultant cleanup will be accomplished on time. If it appears the grantor will be unable to complete the salvage by the previously agreed upon date, the region may consider allowing a time extension. Headquarters should be notified of any extensions and if appropriate, region will have grantor enter into a month-to-month lease.
- F. Upon successful completion of the salvage activity, submits a Property Inspection and Status Report to Headquarters requesting a release of the performance bond and Headquarters updates the computer database accordingly.
- G. If the improvement salvage and cleanup are not satisfactory, submits a Property Inspection and Status Report to Headquarters recommending forfeiture of the performance bond. The transmittal includes photos of remaining improvements/debris, copy of the updated diary, and a statement about the future disposition of the improvements.

### **11-5.2 Sale of Improvements/Personal Property by Auction**

The department may, in accordance with the provisions of RCW 47.12.140, elect to sell any “structures, timber or other thing of value attached to the land . . . and sell as personal property.” In making its determination to sell these items, the department considers whether or not there is enough time to conduct the auction and remove the items prior to construction. Any tenant occupancy rights as well as the economic advantage of conducting an auction are also considered. **Note:** Special rules for the auction of timber are given at Section 11-6.

#### **11-5.2.1 Preparation for Sale**

In preparation for the auction, the region:

- A. Establishes a salvage value for the items and prepares a Salvage Appraisal Report for each item to be sold.
- B. Prepares and transmits a Request for Authority to Auction Salvage Rights to Improvements (see Appendix 11-3) and a Notice of Auction (see Appendix 11-4) and obtains Headquarters approval. The policy for establishing minimum bids for auction of salvage are:

<u>Salvage Value</u>	<u>Minimum Bid</u>
\$500 and over	50% of Salvage Value
\$0 to \$499	\$10

- C. Prepares a Notice of Auction which includes all the information contained in the Request for Authority, except for the list of legal newspapers. A sample of such notice may be found in Appendix 11-4.

- D. Publishes the Notice of Auction twice, with an interval of one week between publications, in the “Legal Notices” section of a legal newspaper published in the county in which the sale is to take place. **Note:** If there is no legal newspaper published in the county, then the notice is published in the legal newspaper nearest to the sale site and located in this state.
- E. Mails copies of the Notice of Auction to all persons on the mailing list for the sale area.
- F. Attaches a copy of both sides of the auction notice to the item to be sold.
- G. Prepares a Personal Property Sale and Removal Agreement (DOT Form 263-023) for each item on the auction notice.
- H. Assures that all WSDOT personnel involved in the sale are aware of the restriction on sales to WSDOT employees (see Chapter 1, Sales to Employees).
- I. Contacts the local Washington State Department of Revenue office to determine appropriate sales tax rates for the area of the properties to be sold. **Note:** The tax rates can vary within the same area.

### **11-5.2.2 Sale Procedure**

On the date of the sale, the region:

- A. Inspects the property. If a change in the condition of the property has occurred which affects the value, the region contacts Headquarters for approval to lower the minimum bid. Upon approval by Headquarters, the region updates the Salvage Appraisal Report and the computer database.
- B. Opens the properties for inspection before the beginning of the sale.
- C. Calls the qualified prospective bidders together in a convenient location and makes the following announcements before beginning the sale:
  - 1. A statement that none of the persons conducting the sale may become a purchaser, have an interest in any purchase, nor accept any commission, gratuity, or award in connection with the sale.
  - 2. Names any WSDOT employees who have been authorized by the Secretary of Transportation to bid as private citizens.
  - 3. A review of the terms and conditions of the sale and, if a performance deposit is required, the extent of the cleanup required to qualify for refund of the deposit.
  - 4. The order in which items will be sold, and whether any items have been removed from the sale. Also whether shrubs and appurtenances are included in the sale.
- D. The auctioneer begins the sale by asking for the minimum bid on the first parcel and continues until all bidding is completed on that parcel.
- E. Upon completion of the bidding for a parcel, the auctioneer (or assistant) will record the name, address, telephone number, and bid amount of the successful bidder. The required deposit including performance bond is collected and a receipt is issued.
- F. Obtains from the successful bidder:
  - 1. All information necessary to complete the Personal Property Sale and Removal Agreement.
  - 2. Payment in compliance with the terms of the Notice of Auction.
- G. Completes a Receipt (DOT Form 133-105) for all payments received.

- H. Delivers the third copy of the Personal Property Sale and Removal Agreement and the original of the Receipt to the purchaser.
- I. If no acceptable bid is received, the auctioneer may announce (at the end of the auction) that the unsold items may be reaucted. If it is determined that the unsold items will not be reaucted, it shall be lawful for the WSDOT to sell the item(s) at private sale for the best price which it deems obtainable but not less than the highest amount bid at the auction.

### **11-5.2.3 Post Sale Procedure**

After the sale is completed, the region:

- A. Records the sale (including the amount received and the performance deposit) on the Receipt and on the Personal Property Sale and Removal Agreement and updates the computer database. If the sale is a facility property, both the Receipt and the Personal Sale and Removal Agreement contain a comment with such information.
- B. Distributes copies of the Receipt and Personal Property Sale and Removal Agreement as follows:
  - 1. Copies of the Receipt are distributed as noted on each colored copy.
  - 2. Additional photo copies are sent to Headquarters and the regional file, along with copies of the Personal Property Sale and Removal Agreement.
- C. Monitors the improvement removal operation to make sure the removal and resultant cleanup will be accomplished in a timely manner. If it appears the purchaser will be unable to complete the removal by the agreed upon date, the region may consider allowing an extension of time to complete the removal.

### **11-5.3 Disposal of Improvements by Demolition Contract**

When the region decides to hire a contractor to demolish the improvement, the following procedures are followed in addition to those provided in the *Purchasing Manual*, M 72-80:

- A. Upon satisfactory completion of the demolition, the region prepares and processes the necessary pay documents.
- B. If the demolition has not been satisfactorily performed, the region transmits a report to Headquarters detailing the noncompliance issues. The report includes photos of items to be removed and estimates for satisfactory completion of the contract. Headquarters refers the matter to the Attorney General's Office, if necessary, and coordinates with the region for resolution of the problem.
- C. The region updates the computer database.

### **11-5.4 Removal of Improvements by Project Contractor**

When the region has determined that the improvement is to be removed by the project contractor, the Regional Real Estate Services Office must make sure that the project engineer is advised and the improvement is included in the project contract prior to the ad date. The region updates the computer database accordingly.

### **11-5.5 Removal of Improvements for WSDOT Use**

Improvements and personal property may be removed for department use. The region must document the parcel file and update the computer database accordingly. If the improvements and/or personal property are removed from a federal participating project and not used for another federal project, the region must determine the value of the items and credit the Federal Highway Administration (FHWA) accordingly.

## 11-6 Disposal of Timber (Reserved)

## 11-7 Disposal of Surplus Property

### 11-7.1 General

- A. Whenever WSDOT determines that any real property owned and under the jurisdiction of WSDOT is no longer required for transportation purposes and that it is in the public interest to do so, WSDOT may dispose of the property. WSDOT may sell the property or exchange the property for other lands needed for fair market value. In accordance with RCW 47.12.063, any such sale or exchange may be made to any of the following entities or parties:
1. Any other state agency.
  2. City or county in which the property is situated.
  3. Any other municipal corporation.
  4. Former owner of the property from whom the state acquired title.
  5. Tenant of the department of a residentially improved property who has resided thereon for not less than six months and who is not delinquent in paying rent to the state.
  6. Any abutting private owner but only after each other abutting owner (if any) as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within 30 days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283.
  7. Any person through the solicitation of written bids through public advertising in the manner prescribed by RCW 47.12.283.
  8. Any other owner of real property required for transportation purposes.
  9. In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in Chapter 43.185 RCW.
- B. The region will periodically review the properties it manages and determine if any such properties should be declared surplus to WSDOT needs. If such a determination is made, the region shall complete a disposal review.
- C. Final approval for disposal, method of disposal, and value of the surplus property will be determined by Headquarters.
- D. Property may be conveyed to another governmental agency for no consideration if the property will be used for highway purposes. Acceptable highway uses would be information areas and park and ride lots for commuters. Unacceptable uses would be commercial parking lots, parks, or governmental buildings. Conveyances of any such property may be subject to reversionary clauses or deed restrictions as to use.
- E. Property may be conveyed to another governmental agency for a proposed use which is not a highway use but which may directly benefit the traveling public, e.g., a fire station. In such cases, the property price may qualify for a preapproved discount not to exceed 15 percent.

## 11-7.2 Disposal Processing

### A. Region Processing

The region determines that a property is no longer needed by WSDOT by completing a disposal review. Once the region has completed its review and a favorable recommendation is given, a disposal package should be compiled and submitted to Headquarters for further action. The disposal package should include the following documentation:

1. Region Administrator's (or appropriate designee) letter of approval containing the following statements:
  - a. The lands will not be needed for transportation purposes in the foreseeable future.
  - b. The right of way being retained is adequate under present day standards for the transportation facility.
  - c. The release will not adversely affect the facility or the traffic using it.
  - d. The lands to be disposed of or relinquished are not suitable for retention to restore, preserve, or improve the scenic beauty adjacent to the highway.
  - e. The lands to be disposed of or relinquished are not suitable for inclusion into our wetlands inventory.
  - f. The lands to be disposed of or relinquished are not needed for a park and ride lot, flyer stop, or similar facility to accommodate high occupancy vehicles.
  - g. No hazardous material is present on the site, and any necessary cleanup has been completed.
  - h. Specific information regarding rights to be reserved.
  - i. A statement that the property was or was not acquired with federal participating funds. If the property was acquired with federal funding, the federal aid number must be supplied.
2. All regional review and comment documents.
3. Two sets of photographs of the property together with a map showing the direction of the shots.
4. Two half size copies and one full size copy of the right of way plan sheet with the property to be disposed of outlined in red.
5. Tax parcel number of this parcel, if assigned. If no tax parcel number is assigned, the tax parcel number of each abutting ownership must be supplied.
6. Names, addresses, and telephone numbers of abutting owners, including contract purchasers.
7. All correspondence from interested abutting owners and/or other potential purchasers and any responses.
8. Notation of any special features or conditions on the property, such as encroachments, utility availability, access, boundaries, improvements, similarities, and differences to adjacent properties, etc., which could affect sale or value.
9. Written directions to the property to enable locating and inspection of the property.
10. Notation of the right of way project number, acquisition parcel number, and federal aid number (if applicable) on which the property was originally acquired.

11. Surplus Property Report with Section 1 completed.
12. Diary of Right of Way Activities.
13. If the property to be disposed of is or was a pit site, the following documentation needs to be submitted:
  - a. Pit Evaluation Report (DOT Form 350-023).
  - b. Reclamation Plan, if appropriate.
  - c. Hazardous Materials Assessment and Remediation Reports.

**Note:** Refer to Section 11-11, Capital Facilities, for further details.

14. Information from county assessment records showing assessed value, property size, and assessment year of adjacent and other nearby parcels.
15. Recommendation of property value based on available information. If the value of the property appears to be \$10,000 or less, the region agent should prepare a value memorandum citing the rationale and evidence obtained for the conclusion of value. Information to be included in the memorandum would be:
  - size of parcel
  - current use of parcel
  - anticipated highest and best use
  - support
  - Items 3, 5, 6, 8, and 14 shown above if not already provided

The conclusion may indicate a range of value rather than a single dollar amount.

16. Recommendation for method of disposal. The final decision as to method of disposal will be made by Headquarters.

**B. Headquarters Processing**

Upon receipt of the disposal package from the region, Headquarters will process the disposal package as follows:

1. Request title check to verify ownership, type of interest held, and any restrictions affecting the property.
2. Route package through appropriate Headquarters review departments for approval and comments.
3. Review submitted value information and approve, concur, or order full appraisal as needed.
4. Request required plan revisions as noted by right of way plans on Headquarters review.
5. Request FHWA approval for disposal and plan revision, when the disposal resides within the Interstate.
6. Develop a negotiation range based on appraisal/DV or value information.
7. Recommend method(s) of disposal considering the requirements of RCW 47.12.063 and region recommendations, if any.
8. Establish special conditions, restrictions, and/or terms for disposal.



9. Obtain necessary approvals for disposal by completion of a Surplus Property Report and direct package to appropriate method of disposal.
10. Assure that all computer database entries are correct and current.

### **11-7.3 Methods of Disposal**

#### **11-7.3.1 Trade or Exchange**

- A. Before any lands may be traded or exchanged, Headquarters must review and approve such a trade and will determine the value of the parcel to be traded. Please refer to Section 11-2.5.4 for details.
- B. Once Headquarters has reviewed and approved the parcel for trade and has established the value of the parcel, the region will be notified of such approval and value and may proceed to negotiate a trade of the parcel. Upon successful completion of negotiations with the parcel, the region will obtain and submit an Exchange Agreement to Headquarters.
- C. Trades or exchanges of surplus WSDOT property for other property needed for transportation purposes in a project will be negotiated by the region in accordance with Section 6-4.3 of the *Right of Way Manual*.
- D. At the appropriate time, Headquarters will complete the trade by issuing the proper conveyance document.

#### **11-7.3.2 Direct Sale**

- A. Normally, all direct sales will be initiated by Headquarters and negotiated by letter and/or telephone. The property will be sold in accordance with the approved Surplus Property Report. Under special circumstances, the file may be directed to the region for negotiation of the sale. If a parcel is assigned to the region for negotiation, the region should consult with Headquarters for proper procedures for payment processing and file documentation.
- B. Cash Sale Terms
  1. If the agreed sale price is \$250 or less, the purchaser must pay the full amount at the time of sale.
  2. If the agreed upon sale price exceeds \$250, a deposit of 10 percent of the sale price (but not less than \$250) must be paid at the time of sale with the remaining balance to be paid within 60 days.
- C. Contract Sale Terms
  1. Contract terms may be offered on a purchase balance of \$1,000 or more upon approval of the purchaser's credit. Contract terms on a purchase balance of less than \$1,000 may be offered only with special approval by the Assistant Director of Property Management (ADPM).
  2. The normal deposit of 10 percent of the sale price may serve as the down payment. A down payment greater than 10 percent will be required if payments other than monthly are requested or when there are improvements on the property.
  3. The contract term is usually not less than one year nor greater than 20 years. Normally, the term will be one year for every \$1,000 owed. Longer terms may be approved by the ADPM under certain circumstances.
  4. The interest rate will be established by Headquarters.
  5. Contracts may be assigned only upon written approval by Headquarters.



**D. Sale to Abutting Owner(s)**

1. A written offer to sell the property is mailed to all abutting owners as shown in the records of the county assessor. Waivers are obtained from all abutting owners who are not interested in purchasing the property. If more than one abutting owner indicates an interest in purchasing the property, the property will be sold at public auction.
2. If a written agreement signed by all abutting owners is provided, the property may be sold to multiple abutting owners. The purchasers must provide a survey map and legal descriptions to facilitate preparation of appropriate conveyance documents. The combined sales of all individual parcels must not be less than the price of the parcel as a whole.
3. If a prospective purchaser makes a counter offer that is within the approved negotiation range shown on the Surplus Property Report, the negotiating agent must review the offer with the supervisor before proceeding as follows:
  - a. If the counter offer is acceptable, notifies the purchaser in writing of said acceptance and proceeds to complete the sale.
  - b. If the counter offer is not acceptable, notifies the offeror that the counter offer is not acceptable and requests an increased offer. If another counter offer at an increased amount is received that is acceptable, notifies the purchaser in writing of said acceptance and proceeds to complete the sale.
  - c. If the counter offer is not acceptable and the offeror does not wish to make another offer, the parcel is assigned for the next approved method of disposal.

**11-7.3.3 Auction Sales of Real Property**

Auction sales may be conducted by either oral bidding or sealed bids in accordance with RCW 47.12.283. Headquarters will determine the type of auction sale and will schedule and conduct said sale.

**A. Pre-sale processing for both oral and sealed bid auctions is as follows:**

1. Headquarters will prepare a Notice of Auction which includes:
  - a. Date, place, and exact time of auction.
  - b. Abbreviated legal description of the property.
  - c. Location and site description sufficient to enable field location of the tract.
  - d. Detailed terms of the sale, including deposit amounts.
  - e. ICN of the parcel.
  - f. Minimum bid.
  - g. Type of instrument that will convey title.
  - h. Address and telephone number for securing further information or obtaining answers to questions about the sale.
  - i. Statement that "The state reserves the right to postpone or cancel all sales or to reject any and all bids."
  - j. For sealed bid auctions, the address and telephone number for obtaining bid forms and detailed instructions.

2. Headquarters will give notice of the sale by publication of the "Notice of Auction" on the same day of the week for two consecutive weeks, with the first publication at least two weeks prior to the date of auction, in a legal newspaper of general circulation in the area where the property is located. A notice shall be placed in both the legal notice section and the real estate classified section of the newspaper.
  3. Headquarters, together with the region, will post the property "For Sale" with a copy of the "Notice of Auction" at least two weeks prior to the scheduled sale.
  4. Headquarters will mail copies of the "Notice of Auction" to all parties on the appropriate mailing list, abutting owners, and any interested parties as disclosed in the surplus property file.
  5. For sealed bid auctions, Headquarters will also complete the following tasks:
    - a. Record all requests for sale packets. The record shall include name, address, date of request, specific parcel of inquiry, and date packet is mailed to requester.
    - b. Answer any questions or inquiries not explained in packet.
    - c. Receive the sealed bids. The bids shall remain sealed until the bid opening. The bids will be date-time stamped and logged onto a bidder sheet. The bidder sheet will show the name, address, date, and time of bid receipt and minimum bid before the bid opening with the official bid amount to be noted upon opening.
- B. Sale Procedure for Oral Bid Auctions
1. At the advertised time and place, the auctioneer begins the auction sale by making the following announcements:
    - a. Names, if any, of any WSDOT employees authorized by the Secretary of Transportation to bid as a private citizen.
    - b. The type of interest being sold.
    - c. Conveyance of the property will be by Quitclaim Deed with no title insurance or survey.
    - d. Any guarantees, restrictions, reservations, or special contingencies that apply to any of the parcels being sold.
    - e. Asks for and answers any questions before beginning the bidding.
  2. The auctioneer begins the sale by asking for the minimum bid on the first parcel and continues until all bidding is completed on that parcel.
  3. Upon completion of the bidding for a parcel, the auctioneer (or assistant) will record the name, address, telephone number, and bid amount of the successful bidder. The required deposit is collected and a receipt is issued.
  4. Bidding will continue until all parcels have been offered.
- C. Sale Procedure for Sealed Bid Auctions
1. The auctioneer begins the auction at the time and place advertised as follows:
    - a. Announces the names of the persons who will be opening the bids and recording the bids.
    - b. States that the bids are organized in order of ICN and in order received.
    - c. Announces sale procedures and any changes, withdrawals, or variations from those procedures.

- d. States that WSDOT may waive minor informalities or irregularities in bids received or may reject any or all bids in whole or in part.
    - e. Announces the names of any WSDOT employees who have received approval to bid on any parcels.
  2. The bid opener opens all sealed bids for a parcel, verifies that the minimum bid requirement has been met, that the bid form is complete and signed and that the deposit payment meets minimum requirements. The opened bids are handed to the auctioneer.
  3. The auctioneer reads each bidder's name and bid amount aloud. The bids are handed to the bid recorder who records the necessary information on the bidder sheets.
  4. After all bids for a parcel have been opened and announced, the auctioneer then announces the apparent successful bidder. This process continues until all parcels have been sold. The auctioneer asks for and responds to any final questions before declaring the auction closed.
  5. The auctioneer issues receipts to all successful bidders and deposits all purchase payments into the proper accounts.
- D. Post Sale Processing
  1. If the sale cannot be completed by the successful bidder, Headquarters:
    - a. Will notify the bidder that the sale is canceled and that payments are forfeited, if appropriate.
    - b. Will notify the accounting section of the forfeiture and sale cancellation.
    - c. May offer the parcel to the next highest bidder provided said bid is acceptable.
    - d. May return the parcel to the auction drawer until the next auction is scheduled.
  2. If the sale cannot be completed by WSDOT, Headquarters will notify the bidders that the sale is cancelled and return all bids unopened.
  3. If two or more bidders submit identical high bids, Headquarters will:
    - a. Notify each bidder of the tie and return any surety deposits by certified mail within 24 hours of the bid opening.
    - b. Request a new bid with appropriate deposit from each tied bidder to be submitted within 30 days after the original bid opening.
    - c. Award the bid to the new high bidder.
  4. If any parcel or parcels are not sold at auction, Headquarters may:
    - a. List the parcel with a real estate agent at the minimum bid price in accordance with RCW 47.12.283(4).
    - b. Hold the parcel for sale at a later auction.
    - c. Negotiate a sale for the property for no less than the last advertised minimum bid price pursuant to RCW 47.12.283(5).

## **11-7.4 Final Processing and Document Preparation**

### **11-7.4.1 Real Estate Contract**

- A. A purchaser who wishes to enter into a Real Estate Contract for the payment of any remaining balance due on a purchase of property must complete an Application for Deferred Payments (DOT Form 263-008)
- B. Headquarters will order and review a credit report on the purchaser. If the credit report is not acceptable, the applicant will be informed of the disapproval and that the property may still be purchased for cash with payment being due 60 days from the date of sale or 30 days from the date of notification of credit disapproval. If the purchaser/applicant cannot complete this sale for cash, the sale to that purchaser will be canceled and all surety deposits will be refunded. If the purchaser/applicant can complete the sale for cash, the final processing will take place as described in Section 11-7.4.2.
- C. If the credit report and Application for Deferred Payment is approved, Headquarters will prepare a Real Estate Contract and send it to the purchaser for signature together with a request for a check for recording fees, \$2 excise tax fee, other applicable fees, and additional down payment. When the Contract has been signed and returned to Headquarters along with the check for fees, Headquarters will obtain the appropriate signatures for WSDOT and send the Contract for recording to the appropriate county.
- D. When the recorded Contract is returned to Headquarters, copies will be distributed to the purchaser, the region, and Headquarters Title Section for posting. The original document will be retained in Headquarters parcel file.
- E. Headquarters will collect all payments on the Contract until it is paid off and will enter all payments into the computer database. All payments will be transmitted to the comptroller within 24 hours of receipt.
- F. If a purchaser defaults on a Real Estate Contract, Headquarters will take the following steps, in accordance with RCW 61.30.070:
  1. Where the payment is 45 days past due and no arrangements have been made for late payment, a reminder letter will be sent to the purchaser.
  2. Where payment is 75 days past due and no arrangements have been made for late payment, a payment demand and notice that forfeiture proceedings will commence will be sent to the purchaser.
  3. Where payment is 105 days past due, forfeiture proceedings will commence. Headquarters will order a title report for court proceeding purposes. Based on the title report, a "Notice of Intent to Declare Forfeiture" will be prepared, signed, and recorded in the county where the property is situated. Within ten days after recording, a copy of the "Notice" is sent to all interest holders and occupants by both certified mail, and regular mail, and is posted on the property.
  4. If the default is not cured within the statutory time period (at least 90 days), a "Declaration of Forfeiture" is prepared, signed, and recorded in the proper county.
  5. Within three days after recording the "Declaration," a copy is sent to all interested parties and occupants by both certified mail and regular mail.
  6. After the forfeiture is completed and a 30-day appeal period has expired, the parcel may be resold.
  7. Headquarters may make adjustments to the schedule of letters and notifications on delinquent payments.

- G. A purchaser may request a partial fulfillment deed. If such a request is received, Headquarters will prepare a map showing the total area under the contract and the area covered by the request for partial fulfillment deed. This map is submitted to the Appraisal Section with a request for a determination as to how much additional payment, if any, is needed to facilitate the request. The purchaser is advised of any additional payment needed. Upon receipt of the additional payment, document preparation will be commenced.

#### **11-7.4.2 Cash Sale, Final Contract Payment, and Conveyance**

Upon receipt of full payment of the sales price either at the time of sale or in fulfillment of a Real Estate Contract, Headquarters will prepare the appropriate conveyance document and send it to the Attorney General for approval. Upon receipt of Attorney General approval, the document is sent to the grantee/purchaser for approval as to form along with a request for checks for payment of recording fees and a \$2 excise tax fee. When the document and the appropriate fees are returned to Headquarters, the document is signed by the Secretary of Transportation, posted to the right of way plan sheets by the Title Section, and sent to the county auditor for recording. After the document is returned from recording, the original is sent to the grantee and copies are sent to the region, the Title Section, and the Right of Way Plans Section of Headquarters. The file is then closed.

#### **11-7.5 Modification of Limited Access**

- A. The process and standards for requests for access modification are described in Section 1420.10 of the *Design Manual*, M 22-01.
- B. A conceptual approval of a modification in access must be obtained from the Access and Hearings Engineer.
- C. Upon preliminary approval of a modification in access, the region and Headquarters will process a disposal package as described in Section 11-7.2, including obtaining FHWA approval.
- D. Final approval of a modification in access is denoted by a signature on the right of way/ access plan by the Deputy State Design Engineer.
- E. Headquarters will negotiate the access modification, collect the payment, and prepare and record the proper conveyance document.

### **11-8 Leasing**

#### **11-8.1 General**

- A. Types of Leases used by WSDOT
  - 1. Airspace Lease (AA) used when tenancy lies within operating right of way. "Airspace" is defined as the space above, at, and below the gradeline of all completed highways, as well as the area alongside the traveled way, which would include any proposal to lease property that straddles the right of way line.
  - 2. Residential/Commercial Displacee Lease (NA) used when WSDOT acquires an occupied property, and the displaced grantor or tenant wish to remain in tenancy until relocated.
  - 3. Ground Lease (RA, RC)
  - 4. Commercial Lease (RA, RC)
  - 5. Single Family Residential Lease (RA)

6. Wireless Lease (WF)
7. Trail Lease (AA, RA)

(Note: Rental of state-owned housing to state employees is the same as for any rental of any other improved property. A state employee who rents a state-owned rental may not be obligated to pay LET if it is determined that the state benefits from the employee residing on the leased premises.)

B. Consideration/Economic or Market Rent

All leases must be based on economic or market rent or consideration equivalent to economic or market rent. Exceptions to collecting economic rent may be considered where property is leased for a “highway purpose”, or when the economic rent can be justifiably offset by benefits to the motoring public which equal rent value and is so documented. Rent free occupancy of improved properties may be offered as an inducement to settlement only with prior written approval from the Director, Real Estate Services. If approved, both Region and HQ files must be appropriately documented.

C. Lease Reviews

1. No review required by HQ or AAG:

- a. Residential Displacee Lease
- b. Commercial Displacee Lease

Note: When WSDOT acquires an occupied property, a Displacee Lease will be entered into with the tenant if they remain in occupancy. The lease may be prepared by the Region and signed by the Tenant without prior approval of the form if there are no material modifications. Any material modification requires Headquarters review and approval prior to signature.

2. Review required by Headquarters

- a. Ground Lease
- b. Single Family Residential

3. Review required by Headquarters and the Assistant Attorney General:

- a. Commercial Lease
- b. Airspace Lease
- c. Wireless Lease
- d. Trail Lease

## **11-8.2 Application for Lease**

### **11-8.2.1 Initial Application**

- A. The region will provide an appropriate Application to Lease to any person or party who is interested in leasing any property owned by, or under the control of WSDOT. There is an application for unimproved properties and a different application for improved properties. In addition, the region will provide the applicant with any additional information which will help in completing the application, such as zoning, restrictions, design criteria, etc.
- B. Once the application has been completed and submitted to the region, the application will be reviewed for completeness, clarity of the proposal, eligibility of the applicant, credit history of the applicant, and availability of the property for lease.



### 11-8.2.2 Review/Approval of Application

- A. The Region Process (Airspace Only)
  - 1. Upon initial acceptance of the application by the region, the lease proposal or application is routed to the appropriate divisions or sections for review, comment, and approval/disapproval. If the site has been leased previously for the same or similar purpose, a full engineering review may not be needed. The region should verify that no present or future construction or maintenance projects will conflict with the proposed lease use.
  - 2. Once the region review is completed, the lease proposal and recommendations for action are submitted to the Regional Administrator for approval.
  - 3. The region then submits the lease proposal/application, the regional review comments and recommendations, and the Regional Administrator's approval to Headquarters for further review and approval.
- B. The Headquarters Process (Airspace Only)
  - 1. Upon receipt of the lease application and supporting documentation from region, Headquarters will route the package to the appropriate Headquarters divisions and sections for review, comment, and approval when necessary.
  - 2. When Headquarters review has been completed, the application package will be forwarded to FHWA, if necessary, for their review and approval. FHWA approval is necessary if the proposed lease area is associated with the Interstate.
  - 3. Once all reviews have been completed and all approvals obtained, Headquarters will notify the region to proceed to prepare the appropriate lease document.

### 11-8.3 Lease Preparation

#### 11-8.3.1 Region Process

- A. The region establishes an economic rent for the lease based on a market survey, an appraisal, or other appropriate rental data. The rent amount must be approved by Headquarters prior to offering to the tenant. **Note:** Maintenance savings alone without considering rental value is not acceptable.
- B. The region determines whether the lease is subject to a Leasehold Excise Tax (LET). If there should be a LET, the region obtains the "Levy Code" (Tax Area Code) for the leased premises from the county assessor. To enable the assessor to locate the property, the tax parcel number, subdivision, lot, block, section, township, range, or other information will likely have to be provided by the region. In addition, the "County Location Code" will have to be obtained from the Department of Revenue. All this information must be entered into the computer database along with the appropriate rental type code. If there are any questions, problems, or discrepancies, Headquarters should be consulted.
- C. The region prepares a draft lease using an appropriate lease format, or the latest master airspace lease with "boilerplate" language. Headquarters maintains an updated master with standard provisions as well as specific provisions which will be provided to the region upon request. All leases must include an exhibit map from the right of way plan which should be labeled as "Exhibit A" and which should show the leased premises by hachures and an identifying arrow.
- D. A custom airspace lease format may be prepared when necessary. The format should use standard boilerplate language and provisions as much as possible. The custom lease may have additional provisions or may delete provisions as appropriate.



- E The region submits the draft lease via e-mail to Headquarters for approval of form, terms, rent, and special provisions before securing any signatures by tenants.
- F Upon receipt of the approved lease form, the region will secure tenant signature. If the lease is for a single family residence built prior to 1978, appropriate lead base paint/asbestos information will be supplied to the tenant with receipt acknowledged in writing by the tenant.

### 11-8.3.2 Headquarters Process

- A. Headquarters will review the draft lease form submitted via e-mail by the region. If the lease form is acceptable, it will be forwarded to the Attorney General for approval. Upon approval by the Attorney General, the lease form will be returned to the region via e-mail to obtain the signatures of the tenant as described in 11-8-3-1 F.
- B. Once the lease has been executed by the tenant, the signed lease should be returned to Headquarters with the following attachments:
  1. Rental Agreement Transmittal (DOT Form 263-009).
  2. Complete Lease Application with Regional Administrator or designee's approval and regional review comments/recommendations.
  3. Lease.
  4. Rental rate justification.
  5. Copies of pertinent correspondence.
  6. Federal aid project number and parcel number.
  7. Right of way plan sheet showing leased premises attached as Exhibit "A."
  8. Photos of the site from all directions.
  9. Background discussion of lease proposal.
  10. Indication of consideration for disposal if appropriate.
  11. Discussion of other departmental or other similar leases in area for comparison of rent, terms, etc.

In addition, the following items should be submitted for airspace leases:

  12. Cross sections showing elevations of leased area, the roadway, and abutting lands. Note any overhead structures (bridges).
  13. Discussion of potential impacts on highway operation.
  14. Explanation of access to leased area and any impacts on access control.
  15. Discussion of highway characteristics, number of lanes, clear zones, sight distances, fencing, traffic movement, traffic volumes, curbing, channelization, and landscaping where the appropriate signatures will be secured.
  16. Discussion of benefits to WSDOT and the traveling public.
- C. Headquarters will then secure the appropriate signatures. If necessary, the lease or a Memorandum of Lease will be recorded. The original lease will be kept in Headquarters with copies of the fully executed lease being sent to the region and the tenant.
- D. Headquarters assures that all data entered into the computer database is correct and complete.

## **11-8.4 Rent Collection**

### **11-8.4.1 Procedure**

- A. In compliance with accounting requirements, all rental payments must be deposited within twenty-four (24) hours of receipt. The initial rental payment, which may be paid at the time the rental agreement is signed, may be paid in the region or mailed directly to Headquarters by the lessee.
  - 1. If the initial rental payment is paid in the region, the property management agent issues a receipt for said payment to the tenant and immediately delivers the payment to the Regional Accounting Office for handling.
  - 2. The Regional Accounting Office deposits the payment into a suspense account and immediately forwards a copy of the payment receipt, a cash receipt from TRAINS, and any other supporting information describing the rental payment to Headquarters.
  - 3. Headquarters then redistributes the rental payment into the proper accounts.
- B. All other rental payments after the initial rental payment are to be paid directly to Headquarters. Computer generated Rental Statements are obtained through the computer database twice a month in advance of the rental due date. Rental Statements are reviewed for correctness and mailed to the tenant (along with a return envelope) approximately ten days prior to the due date.
- C. The rental payment is processed by Headquarters upon receipt and appropriate entries are made in the computer database.

### **11-8.4.2 Rent Adjustments**

When a lease term is greater than five years or when a lease contains a provision for rent review or adjustment, rent should be adjusted as follows:

- A. Indefinite Term Lease: Rent should be reviewed every three years. The adjustment may be based on the Consumer Price Index for Urban Consumers (CPI-U), a market survey, or a fixed percentage, whichever is appropriate and agreed to between the region and Headquarters.
- B. Five-Year Term Lease: Rent should be reviewed in the 30th month with the adjustment to be based on a market survey, or the CPI-U, or a fixed percentage. The adjusted rent shall be effective beginning with the 31st month.
- C. Ten-Year Term Lease: Reviews of rent should occur near the end of the third year, and the end of the sixth year, and at the end of the primary term if a lease is to be extended. Adjustments are to be based on market survey, CPI-U, or fixed percentage, as set forth in the lease.
- D. Twenty-Year Term Lease: The first rent review should occur at the end of the fifth year with subsequent reviews every three years thereafter. Again, adjustments are to be based on market survey, CPI-U, or fixed percentage.
- E. Over Twenty-Year Term Leases: Review is the same as for 20-year leases. Any rent adjustment will require prior Headquarters approval.

### **11-8.4.3 Partial Refunds for Early Vacation**

- A. If a tenant vacates prior to the end of the rental period, the region confirms that:
  - 1. All rent payments are current.
  - 2. The tenant gives proper notice as required by the lease prior to vacating.

3. The premises are left reasonably clean and in a condition similar to that which existed prior to leasing.
- B. The region initiates a refund by transmitting a Property Inspection and Status Report to Headquarters.
- C. Headquarters reviews and approves the refund request, prepares and processes an appropriate voucher, and mails the refund to the tenant when it becomes available.

#### **11-8.4.4 Delinquent Rentals**

- A. On the 1st and 16th of each month, a rental delinquency/default report from the computer database is generated which lists all leases that are more than 15 days delinquent. With the aid of this report, Headquarters:
  1. Prepares and mails a delinquency letter to each tenant listed that is more than one month's rent behind requesting payment.
  2. Coordinates further action with the region.
- B. The region:
  1. Follows up on the delinquency letter within 15 days and checks PMS to determine if the delinquent rent has been paid.
  2. Contacts the tenant if payment has NOT been made and requests payment. The tenant's response should be noted and conveyed to Headquarters.
  3. Advises the relocation agent, if any, of the rental delinquency to determine if rent can be deducted from relocation assistance payments, if any.
  4. Mails a certified letter to the tenant setting forth goals and deadlines for payment of the delinquent rent. A copy of this letter is transmitted to Headquarters.
  5. Serves a 30-Day "Notice to Pay or Vacate" to the tenant when delivery of a certified letter is unsuccessful. Service of the 30-Day Notice can be accomplished by direct delivery in person to the tenant with a copy mailed to the tenant or by posting the notice in a conspicuous place on the leased premises and mailing a copy to the tenant. Once the notice has been posted, an affidavit is executed and the other service attempts are noted in the diary. A copy of the notice is to be placed in the rental file with a notation as to the date of service.
  6. Advises Headquarters to begin an unlawful detainer action against the tenant who refuses to vacate.
  7. Inspects the property after a completed unlawful detainer action to verify that the property has been vacated and left in an acceptable condition. If necessary, the region works with Headquarters to enforce any court judgment.
  8. Prepares a detailed report with photos of any missing or damaged items. The report should include a description of any abandoned personal property, excessive debris, or hazardous materials.
- C. If a property is vacated and rent is still owing, Headquarters may turn the delinquent account over to a private collection agency for further handling.
- D. If the debt is uncollectible, Headquarters proceeds to write off the debt and makes appropriate entries into computer database.

### **11-8.5 Monitoring the Lease**

The region shall be responsible for monitoring the lease during the tenant's occupancy. Monitoring shall include:

- A. Acting as liaison between the tenant and WSDOT by answering questions and resolving any problems which arise.
- B. Inspecting the leased premises as necessary to ensure compliance with lease terms.
- C. Adjusting rental rates in accordance with lease provisions or Section 11-8.4.2.

### **11-8.6 Assignment of Lease**

- A. A tenant may make a written request for WSDOT approval to assign the lease to another party. Headquarters and the region jointly review the request and determine whether an assignment of the lease is appropriate, or if a new lease is necessary. The review should include a property inspection, a rental rate adjustment, if appropriate, an inspection of the property to determine if the present tenant is in compliance with the lease terms, and a credit check on the proposed new tenant.
- B. Once the review is complete and determined to be acceptable, the region prepares an Assignment of Lease (DOT Form 263-004) or examines any other assignment form submitted by the requesting parties. Any assignment form other than an approved WSDOT form must be approved by Headquarters and the Attorney General and must include the following:
  - 1. Release by the present tenant (Assignor).
  - 2. Assumption by new tenant (Assignee).
  - 3. Approval by WSDOT.
  - 4. Approval by FHWA if the leased property is part of the National Highway System.
  - 5. The assignee's address for notification and rental statement purposes.
- C. Once the assignment form has been approved, the region secures the signatures of the old and new tenants and submits the assignment to Headquarters for further handling, together with a Property Inspection and Status Report.
- D. Headquarters obtains the appropriate WSDOT signatures and secures FHWA approval of the assignment, if necessary. Once the assignment is fully executed, the original will be placed in Headquarters file and copies will be sent to the region, the assignor, and the assignee.

### **11-8.7 Termination of Lease**

- A. Leases may be terminated for the following reasons:
  - 1. Expiration of the term of the lease.
  - 2. Upon notice as provided in lease.
  - 3. Noncompliance with the terms of the lease (default) after warning and notice as provided in the lease.
  - 4. Notification of intent to terminate the lease as provided in the lease.

**Note:** Prior to any lease termination requiring notice, care must be taken to ensure that all parties having any interest in the lease are identified and given notice.

- B. To complete the termination process, the region:
  - 1. Inspects the property to verify it has been vacated and the condition of the site conforms to the lease. If it has not been vacated, an unlawful detainer may be required.
  - 2. Completes a Property Inspection and Status Report and submits it to Headquarters.
  - 3. Updates the computer database as appropriate.
- C. Upon receipt of the Property Inspection and Status Report from the region, Headquarters:
  - 1. Reviews the report.
  - 2. Ensures that the last month's rent is credited, if appropriate.
  - 3. Requests payment of any rent due, refunds overpayments, or initiates collection actions, if necessary.
  - 4. Closes lease file, unless collection action has been initiated.

### **11-8.8 Airspace Lease Specifics**

#### **11-8.8.1 Coordination**

Since airspace leases involve the shared use of operating right of way and land use issues, a greater degree of coordination is required between Real Estate Services, Engineering, FHWA, and Local Governmental Agencies. Early involvement of all interested parties as well as communication between the region and Headquarters should facilitate a successful lease.

#### **11-8.8.2 Rental Income**

- A. Income from airspace leases with effective dates after April 3, 1987, covering right of way in which federal funds participated in any phase of the project (preliminary engineering, right of way acquisition, or construction) is to be used as part or all of the state's portion of any project eligible for federal assistance under Chapter 1 of Title 23 United States Code. Any such income is to be deposited into two separate accounts (one state and one federal) in the same proportion as the state and federal participation in the project. Rental income is NOT to be commingled.
- B. An airspace lease may be for consideration other than money under the following conditions:
  - 1. The airspace lease is used as part of a highway or transit project eligible under Chapter 1 of Title 23, United States Code, or is for a transportation purpose; or
  - 2. The airspace is used for public bicycle and/or pedestrian trails where:
    - a. The separation of motor vehicle traffic from pedestrians, equestrians, or cyclists will materially increase motor vehicle safety.
    - b. The tenant will construct and maintain the trail, at its sole expense, which shall offset the responsibility of the state to construct and maintain such facility.

#### **11-8.8.3 Option to Lease**

Where an airspace lease proposal involves a substantial investment in design and construction, and the proposal's affect on highway operation cannot be determined without investing in design, an Option to Lease may be used. This option would allow more time for engineering studies, plan preparation, securing financing and permits, etc. An option also:

- A. Assures the optionee that they will be granted a lease in the future.
- B. Keeps the property free of any further encumbrances.

- C. Ensures that no other use of the property, except testing, will occur.
- D. Establishes a predetermined monthly charge to cover WSDOT administrative and processing costs.

#### **11-8.8.4 Radio Site Leases (Reserved)**

#### **11-9 Encroachments (Reserved)**

#### **11-10 Assessments Against State-Owned Lands**

Real estate assessments on WSDOT property are processed by the regions as follows:

- A. All assessment statements are mailed to the appropriate WSDOT regional office. The statements should include identification of the parcel or property.
- B. The statements are reviewed to verify that the assessment is valid and that WSDOT owns the property being assessed.
- C. Appropriate vouchers are prepared and processed for a group of assessments, if possible, for each assessing district or agency. Processing and payment must be done in a timely manner so as to avoid penalty or late charge fees.

#### **11-11 Facilities (Reserved)**

#### **11-12 Staff Housing**

Rental of state-owned housing to state employees is the same as for rental of any other improved property. A state employee who rents a state-owned rental may not be obligated to pay LET if it is determined that the state benefits from the employee residing on the leased premises.